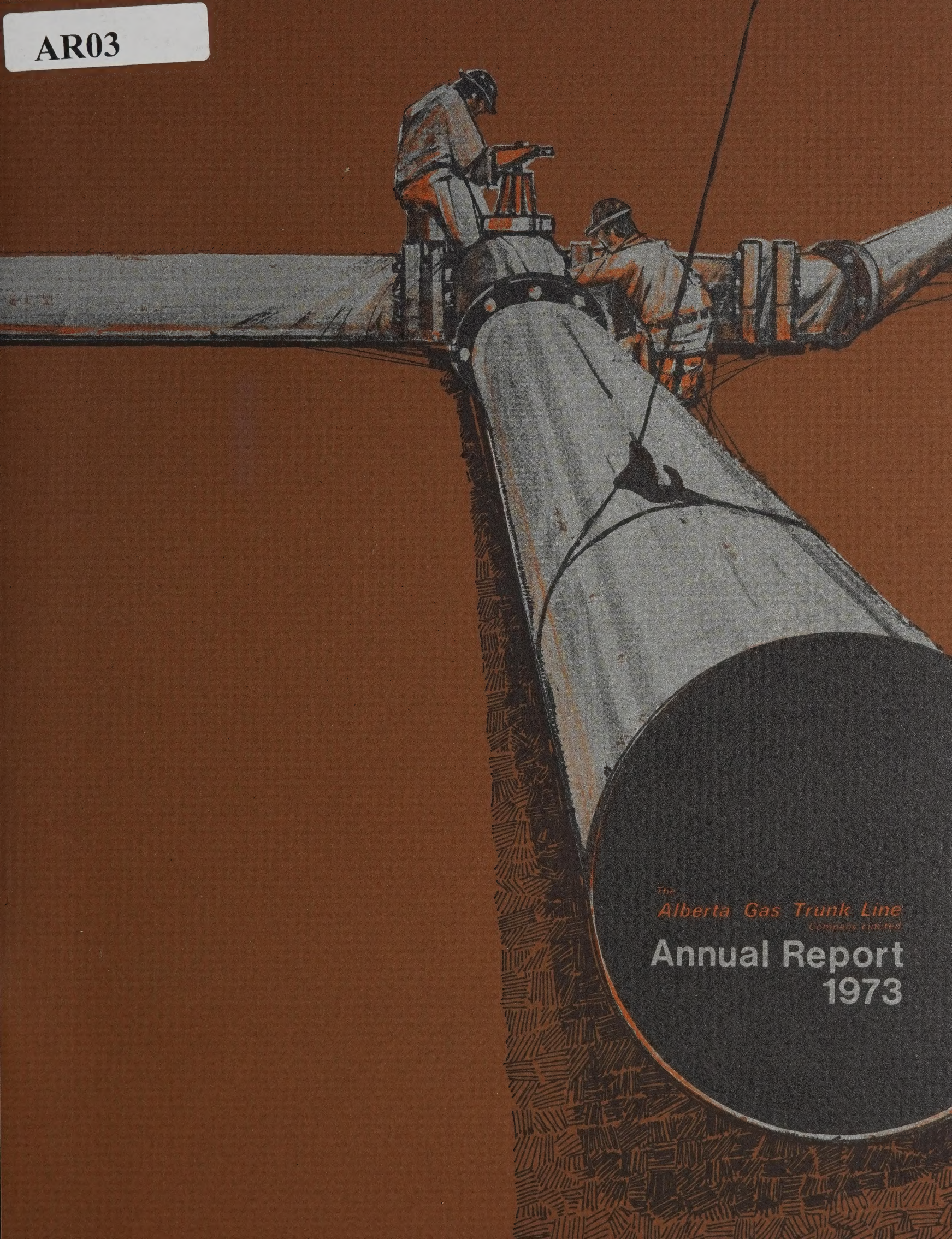


AR03



*The*  
**Alberta Gas Trunk Line**  
*Company Limited*

**Annual Report**  
**1973**



**The  
Alberta Gas Trunk Line  
Company Limited**

**Incorporated by Special Act  
under the Laws of Alberta**

**Head Office**

505 - 2nd Street S.W.  
P.O. Box 2535  
Calgary, Alberta T2P 2N6

**Edmonton Office**

9945 - 108 Street  
Edmonton, Alberta T5K 1G8

**Calgary Service Centre**

7210 Blackfoot Trail S.E.  
Calgary, Alberta T2H 1M5

**Calgary Works Department**

2611 - 58th Avenue S.E.  
Calgary, Alberta T2C 0B4

**Edmonton Service Centre**

15810 - 114 Avenue  
Box 3240, Station "D"  
Edmonton, Alberta T5L 4J1

**District No. 1 Headquarters**

Calgary Service Centre

**District No. 2 Headquarters**

Brooks  
P.O. Box 819 T0J 0J0

**District No. 3 Headquarters**

Edson  
P.O. Box 1239 T0E 0P0

**Annual Meeting**

*The Annual Meeting of the shareholders  
of the Company will be held at the Calgary  
Inn, Calgary, Alberta on May 1, 1974 at  
10:30 a.m.*

Les personnes désirant des  
exemplaires en français du présent  
rapport sont priées de s'adresser au  
secrétaire adjoint de la Compagnie,  
P.O. Box 2535, CALGARY, ALBERTA.

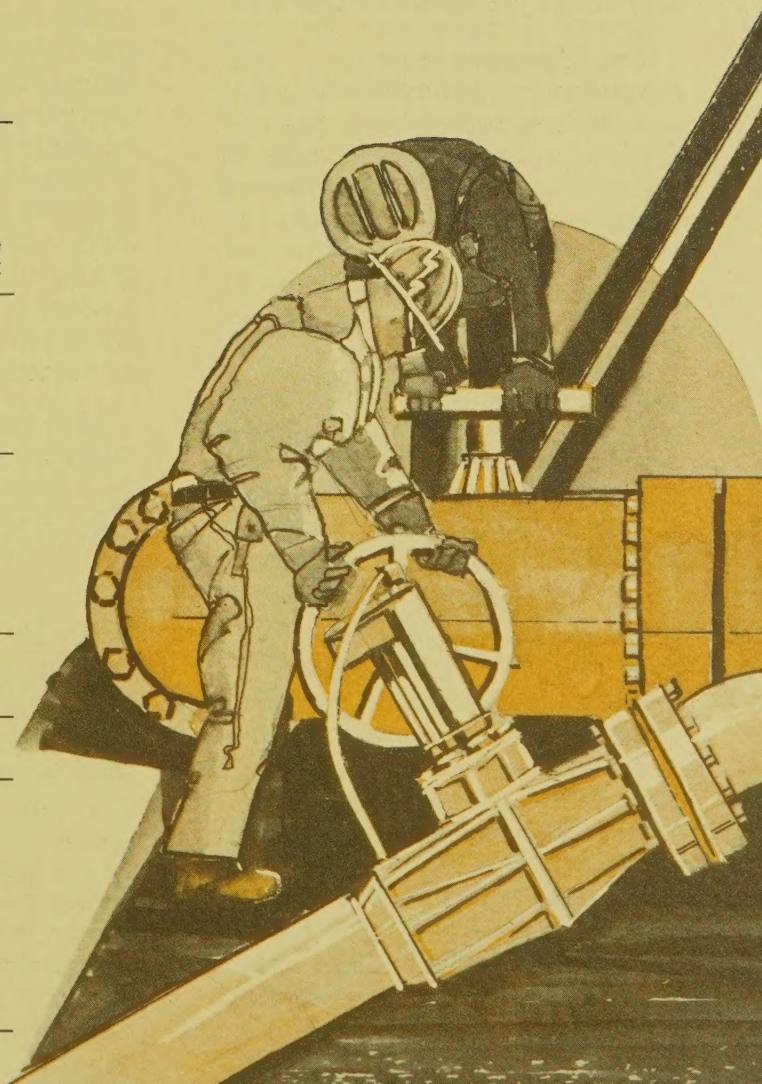
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## Highlights

| FINANCIAL   | 1973          | 1972                 | Increase<br>Per Cent |
|---|---------------|----------------------|----------------------|
| Operating revenues . . . . .                        | \$ 78,715,000 | \$ 64,666,000        | 21.7                 |
| Operating profit . . . . .                          | \$ 37,455,000 | \$ 33,775,000        | 10.9                 |
| Net income . . . . .                                | \$ 14,868,000 | \$ 14,067,000        | 5.7                  |
| Dividends on preferred shares . .                   | \$ 1,524,000  | \$ 1,611,000         |                      |
| Net income applicable to<br>common shares . . . . . | \$ 13,344,000 | \$ 12,456,000        | 7.1                  |
| Net income per common share                         |               |                      |                      |
| On average shares<br>outstanding . . . . .          | \$ .79        | \$ .75               | 5.3                  |
| On fully-diluted basis . . . . .                    | \$ .77        | \$ .74               | 4.1                  |
| Dividends paid per common share                     | \$ .42        | \$ .39 $\frac{3}{4}$ | 5.6                  |
| Average common shares<br>outstanding . . . . .      | 16,793,000    | 16,530,000           | 1.6                  |
| Additions to plant . . . . .                        | \$ 26,804,000 | \$ 44,604,000        |                      |
| Investment in plant (cost) . . . . .                | \$535,009,000 | \$507,903,000        | 5.3                  |
| Investment in plant (net) . . . . .                 | \$446,396,000 | \$432,000,000        | 3.3                  |
| Average rate base . . . . .                         | \$416,167,000 | \$386,000,000        | 7.8                  |
| Average rate of return . . . . .                    | 9.00%         | 8.75%                | 2.9                  |
| <b>OPERATING</b>                                    |               |                      |                      |
| Miles of pipeline in<br>system . . . . .            | 4,113         | 4,030                | 2.1                  |
| Compression horsepower . . . . .                    | 420,535       | 365,635              | 15.0                 |
| Total system receipts (MMcf) . .                    | 1,720,637     | 1,595,465            | 7.8                  |
| Maximum day receipts (MMcf) . .                     | 5,573         | 5,131                | 8.6                  |
| Average day receipts (MMcf) . .                     | 4,714         | 4,371                | 7.8                  |





## To our shareholders:

Our Company is an independent, Canadian-owned and Alberta-based company whose scope covers a number of operations, each directed toward use of Alberta's natural gas supply in economically attractive projects.

In this period when there is particular sensitivity about the identity of equity owners who will gain from development of Canada and about management control in our petroleum industry, we are fortunate to give the following account:

Our 16,800,000 Class "A" common shares are held  
—as to 45% by some 22,000 individual Canadian investors, of whom 15,000 are resident in Alberta;  
—as to 53% by Canadian institutional investors, whose beneficial or nominee holdings we estimate to be over 90% (we believe 93%) by or for Canadian owners;  
—as to 2% by foreign investors;

making, in total, equity ownership by Canadians of about 98% (shareholder register) or 95% (nominee holdings considered).

Our only other common shares, which are 1,700 Class "B" shares, are owned largely by some 90 gas producing or marketing companies operating in Alberta which elect three directors to our board of eleven. Also three of these Class "B" shares qualify on our board three leaders in private business, who are appointed by the Government of Alberta.

The presence of these six directors is symbolic of our close tie with the companies in the Alberta gas industry at large and with the public of Alberta.

## NATURAL GAS SUPPLY

Expansion of the Company's gas plant facilities during 1973 added \$27 million in capital cost. After recording depreciation of \$13 million, the increase to net investment in plant on which the Company's gas transmission charges are calculated was \$14 million. This increased the net investment in plant at December 31, 1973 to \$446 million.

In this respect 1973 growth was much smaller than that in each of the previous four years and was also much smaller than that annual growth which the Company expects to obtain from transporting natural gas from Alberta fields and from a new Mackenzie Valley gas pipeline system in the 1980's.

The total of all natural gas produced and consumed since 1901 from all Alberta sources has been about 20 trillion cubic feet.

About 50 trillion cubic feet more remains proven in Alberta in the reservoirs and available for future production.

How much more will develop in the future from extensions of known gas fields and from fields still to be discovered within Alberta remains open.

There have been various estimates published on the additional reserves which remain undiscovered in the province. These estimates range from about 20 trillion cubic feet which can be calculated from papers published on behalf of the Geological Survey of Canada in 1973, to 44 trillion cubic feet as estimated by the Energy Resources Conservation Board of Alberta in 1974, or to much larger numbers forecast by some firms engaged in petroleum exploration. The higher of these estimates suppose that our reserve quantities will be augmented further by increased natural gas field values and by conjecture of some new geological theories which will be tested.



The immediate growth of gas production from Alberta sources will depend upon continuing reappraisal of ultimate reserve potential for the province. If more cautious thinking prevails, there may be little growth in delivery past a near date in the late 1970's. Such growth would then ease off because of increasing gas requirement of the province plus insufficient assurance that new gas fields be discovered to supply the province's long-term needs.

Alternatively, if more optimistic attitude influences industry thinking and regulatory opinion, there could be continuous growth of deliveries of Alberta gas into the 1980's.

This would be greatly supported by the existence of a Mackenzie gas pipeline which would relieve the presently intense analysis of sufficiency of the Alberta sources to supply all Canadian markets 25 and 30 years into the future.

Our professional staff conducts studies of all the major trends. In our view it is too early to reach final conclusions regarding the future potential of new gas sources within Alberta and regarding the ability of Alberta to continue to increase gas supply to the rest of Canada and our export markets.

We do feel that we need strong industry incentive to explore and develop new fields for supply of willing markets, combined with a degree of regulatory caution to ensure that there is no profligate waste or seriously premature marketing of this resource. We believe that these policies are being provided by the Government of Alberta and the Energy Resources Conservation Board of Alberta.

It is vitally important to all of Canada that this climate exist in Alberta, of all places, because during the remainder of the 1970's this is the only resource area in Canada which can be counted on for growth in the continuing supply for hydrocarbon energy to the rest of Canada.

Alberta must be seen as the "breadbasket" of natural gas supply, as well as oil supply, to the remainder of Canada through this century. Any other assessment would be fanciful.

Awareness of this responsibility has made our Company involved in various projects which are intended to assist in maintaining incentive for gas exploration and in extending the gas gathering and transmission systems which will be needed to collect Alberta's gas for future marketing.

#### GAS MARKETING INVOLVEMENT

Pan-Alberta Gas Ltd. made progress during 1973 which we are sure will produce results in 1974. Pan-Alberta will henceforth be owned jointly with the Alberta Energy Company.

The first purpose of Pan-Alberta in 1972 was to sell excess Alberta gas productive capability on a short-term and high-price basis to the then-available and willing buyers which were major United States utility companies. From the proceeds, Pan-Alberta would be funded as an independent new Canadian company which could be an energetic force in development of additional energy supply.

This original Pan-Alberta project was advanced in 1973 by entering of gas purchase contracts with over 100 producer companies and covering over 200 gas pools and areas in Alberta. Export gas sale was contracted for sale to Pacific Interstate Transmission Company for a six-year term to commence November 1, 1974 and at a suitable price at the international boundary. A hearing of Pan-Alberta's application before the Energy Resources Conservation Board was conducted in May and was reopened in October. The favorable decision of the board was received on March 4, 1974.

In November 1973, Pan-Alberta also filed the necessary corresponding application with the National Energy Board of Canada. Public hearings are expected in the second quarter of 1974.

While we are in a period of unusual concern in Canada about the justification of sale of gas to United States markets, we believe that special merit in this short-term and high-price export project, arising from its uniquely high "Canadian content," may earn its authorization.



One result of that initial proposal would be to help pave the way for three additional ventures which Pan-Alberta started in 1973 under the leadership of Reginald J. Gibbs, Q.C., Pan-Alberta's chief executive officer. Mr. Gibbs is a widely experienced counsel in matters including natural gas regulatory proceedings. He is backed by David B. Smith, P. Eng., who as vice-president and general manager is a seasoned senior utility executive, and by other professional staff sharing long gas supply experience.

The first of these additional proposals by Pan-Alberta was to backstop any deficiency of gas supply which could be experienced in 1973 or 1974 by British Columbia sources. For this purpose, Pan-Alberta has stood ready from November 1973 to promptly deliver 50 million cubic feet per day initially, and 100 million cubic feet per day later, through a lateral extension for which Alberta Gas Trunk has obtained the right-of-way, a construction permit and bought the pipe. We expect that this auxiliary supply arrangement will certainly be called on in 1974.

The second venture was the backstopping of gas supply which our affiliate company, Alberta Gas Chemicals Ltd., could require for some of its new petrochemical manufacture within Alberta. That particular backstopping was also supported early in 1974 by purchase of gas reserves in place by Algas Resources Ltd., a new wholly-owned subsidiary of Alberta Gas Trunk.

Pan-Alberta's third 1973 project, and a very important one, was its entering of a preliminary gas sale commitment with Gaz Metropolitain, inc. Gaz Metropolitain is the company which serves Montreal with natural gas at present and which is following aggressively a directive of the Government of Quebec that natural gas service be extended throughout that province.

We are convinced that the supply of Alberta-produced natural gas (backed up in due course by Mackenzie Valley-produced natural gas) to Quebec markets which previously depended for hydrocarbon energy supply on imported crude oil makes unusual good sense. The early cost of this gas to Gaz Metropolitain will be somewhat higher than it or any other eastern utility has been accustomed to historically but we believe that will prove to be a necessary adjustment becoming recognized in 1974 by utility consumers who wish to continue to grow in their businesses.

We respected the decisiveness of Gaz Metropolitain in assessing this situation in 1973 and in moving ahead as it has done. As Canadian as well as Albertan companies, Pan-Alberta and our Company will do everything we can to get supply of western and Arctic natural gas delivered into Quebec markets as and when needed.

From this kind of a start many Canadian projects can be based and economic unity can be advanced to the mutual advantage of our producing and consuming provinces and of our companies.

#### SUPPLY FROM NEW WESTERN ARCTIC SOURCES

Since 1969 our Company has been in the forefront in planning, expenditure, staffing and all other commitment to see that new western Arctic gas sources will be connected to the supply of Canadian gas markets as quickly as possible and with optimum Canadian content.

As the first sponsor of the original Gas Arctic Systems Study Group and as an individual company which provided experienced personnel to the international grouping called Canadian Arctic Gas Study Limited, we have pressed on with our effort to support whatever pipeline project will be best.

"Study groups," a phenomenon associated with pipeline studies in the 1970's, are interesting forums in which we have had opportunity to compare the merits and the disadvantages of various alternative approaches, and usefully to share the costs of some most expensive preliminary studies.



## DIVERSIFIED INVESTMENTS

While we are going to do everything that we can to build into our corporate growth the major business of gathering and moving natural gas within and across Alberta; our Company also faces three clear circumstances:

- 1) This gas transmission business is finite in its extent, in this century or in the next, but still nevertheless finite;
- 2) The company which holds a big and lucrative franchise in a province of Canada should do everything it can to advance the economy and the interests of the province by industrial diversification or otherwise as led by provincial government policy; and
- 3) This is a great time of opportunity for Canadian companies which can move aggressively and independently, especially in the energy field.

This thinking has led to our investment in manufacture of methanol and other commodities through Alberta Gas Chemicals Ltd. and to our sponsorship of a world-scale-plus complex which can manufacture a wide variety of ethylene derivatives in Alberta and to other diversified projects.

Our ground rules for this activity include that the forecast return be greater than that which we presently receive from our gas transmission operations and also that each venture have the potential of contributing substantial and early return to the Company's earnings on a pre-tax, consolidated accounting basis. With such self-imposed guidelines, we believe that such diversification will be advantageous to our shareholders at the same time as strengthening the broader industrial base of Alberta and of Canada.

## RELIEF OF RESTRICTIONS FROM SENIOR FINANCING CONDITIONS

Our Company was most appreciative that in general meetings convened in October 1973, very large majorities of the holders of our outstanding mortgage bonds, debentures and preferred shares agreed to permit the Company henceforth to use subsidiaries which can be financed separately, can be co-owned with others, and can be used for purposes varying when desirable from the operations and businesses in which the Company itself engages.

## OUR CORPORATE TEAM

We salute the arrival in 1973, as a director of our Company, of Daryl K. Seaman (51), the chief executive leader of the Bow Valley group of independent exploration and service companies which are prominent in petroleum development.

New vigor for negotiations and business development has been received by the recruiting of Robert L. Pierce Q.C. (44) who was formerly the senior partner of a law firm in Regina and is well equipped to add leadership in natural gas and other industrial development of western Canada; and of James D. Kadlec (43) who was formerly the chairman and chief executive of the Pan-Pacific corporate group and who is an expert in acquisition and other investment assessments.

We observe promotion of D. Howard Hushion (50), innovative head of our engineering and construction division, which has consistently led the North American and in one notable instance the world pipeline industry in the application of new mechanisms for pipeline services.

Raised to officer status during the year were Dianne I. Narvik (31) and Barry E. Harper (30).

We record the retirement of Walter J. Hopson (60) who gave conscientious attention to the protection of the Company's interest during his fifteen years of service.

And finally and of top importance, we pay respect to the long hours, high spirit and earnest commitment of the first-rate professional, administrative and operating staff teams which are making our Company go ahead.

Chairman of the Board

President and Chief Executive Officer

Calgary, Alberta  
March 6, 1974

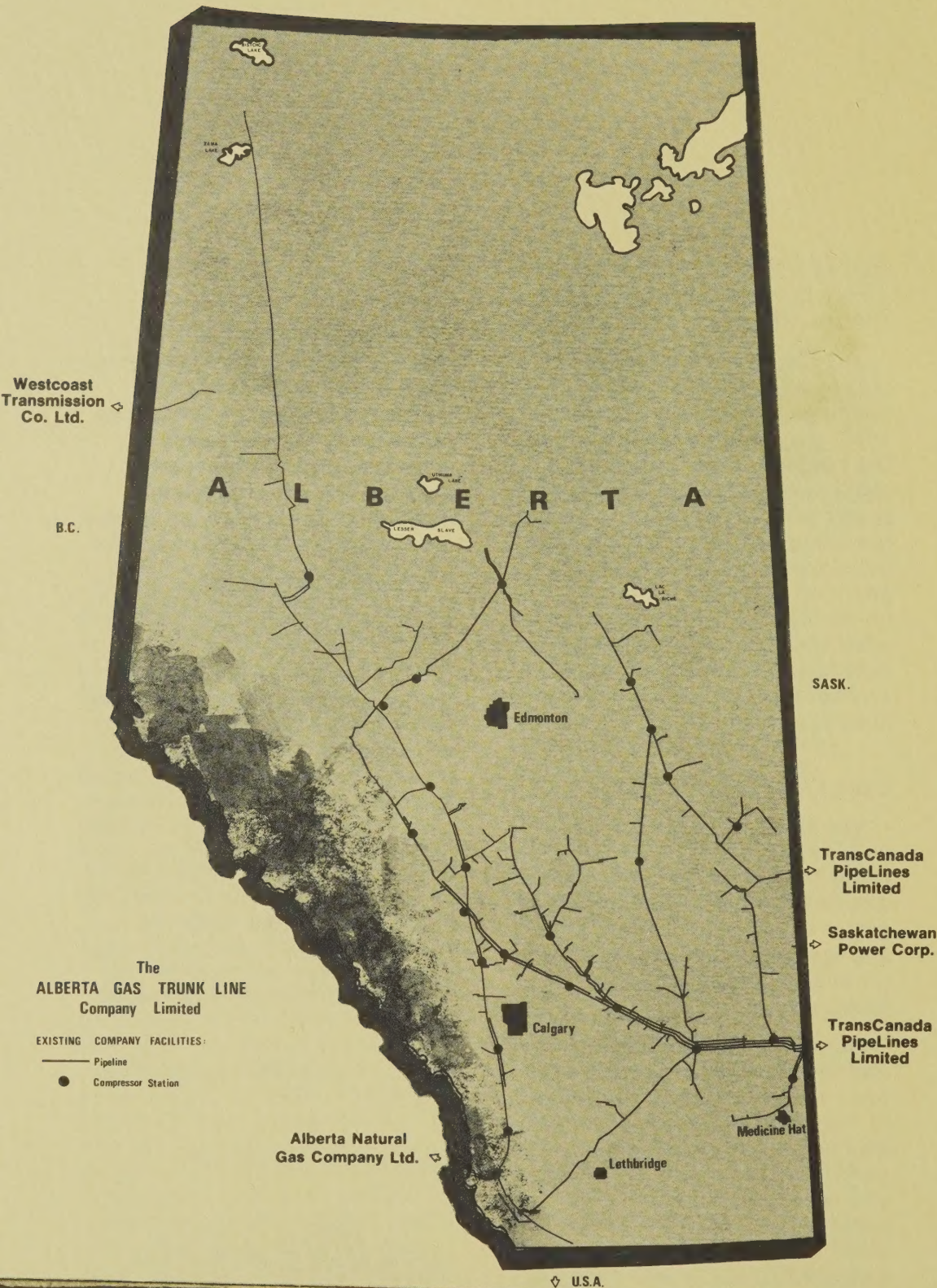


## General Operations

The gas transmission group continued its program of integrating field district operations. Each of the three districts — based in Calgary, Brooks and Edson — is becoming increasingly autonomous from an operational standpoint as technical support personnel are moved into field bases as required. For example, each district has an engineer, a landman and a complement of technicians. Greater operational efficiency and economy are the objectives of the integration program.

The Company's off-line sales group provided specific areas of engineering and technical expertise to the provincial government in the preparation of long-range policies aimed at expanding substantially the coverage of natural gas service in Alberta.

The group subsequently was active in providing natural gas transmission service to newly formed co-operative distribution systems in rural Alberta. Three such co-ops had gone into service by year-end and a further 20 will go into service in 1974. The co-ops served have memberships ranging from 20 to 800 consumers.

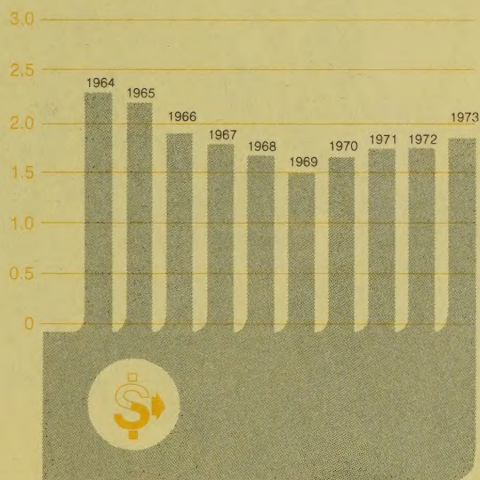




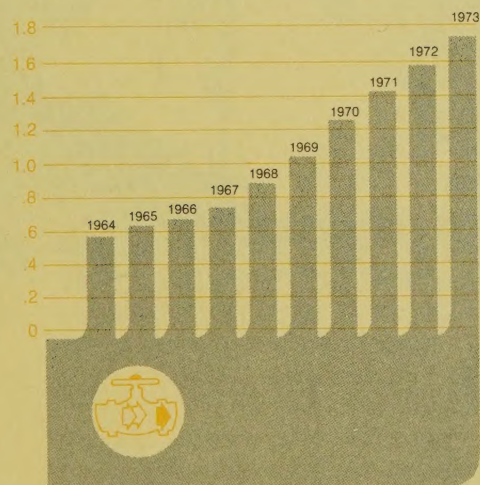
## Public and Employee Affairs

As the Company continues to grow and diversify in Alberta, developing leadership and investment opportunities for Albertans, it is continually reviewing and assessing its place in Alberta's social and economic communities.

AVERAGE TRANSPORTATION COSTS  
Cents/MCF/100 Miles



TOTAL SYSTEM RECEIPTS  
(Trillions of cubic feet)



Increasingly, the Company has recognized the importance of telling its story to the residents of the communities close to the pipeline system as well as employees, shareholders, customers and the public at large.

During 1973, the program of informational meetings in Alberta communities was accelerated. Sixteen meetings were held to discuss the Company's operations — traditional as well as new — with the owners of land traversed by the pipeline system, and with others.

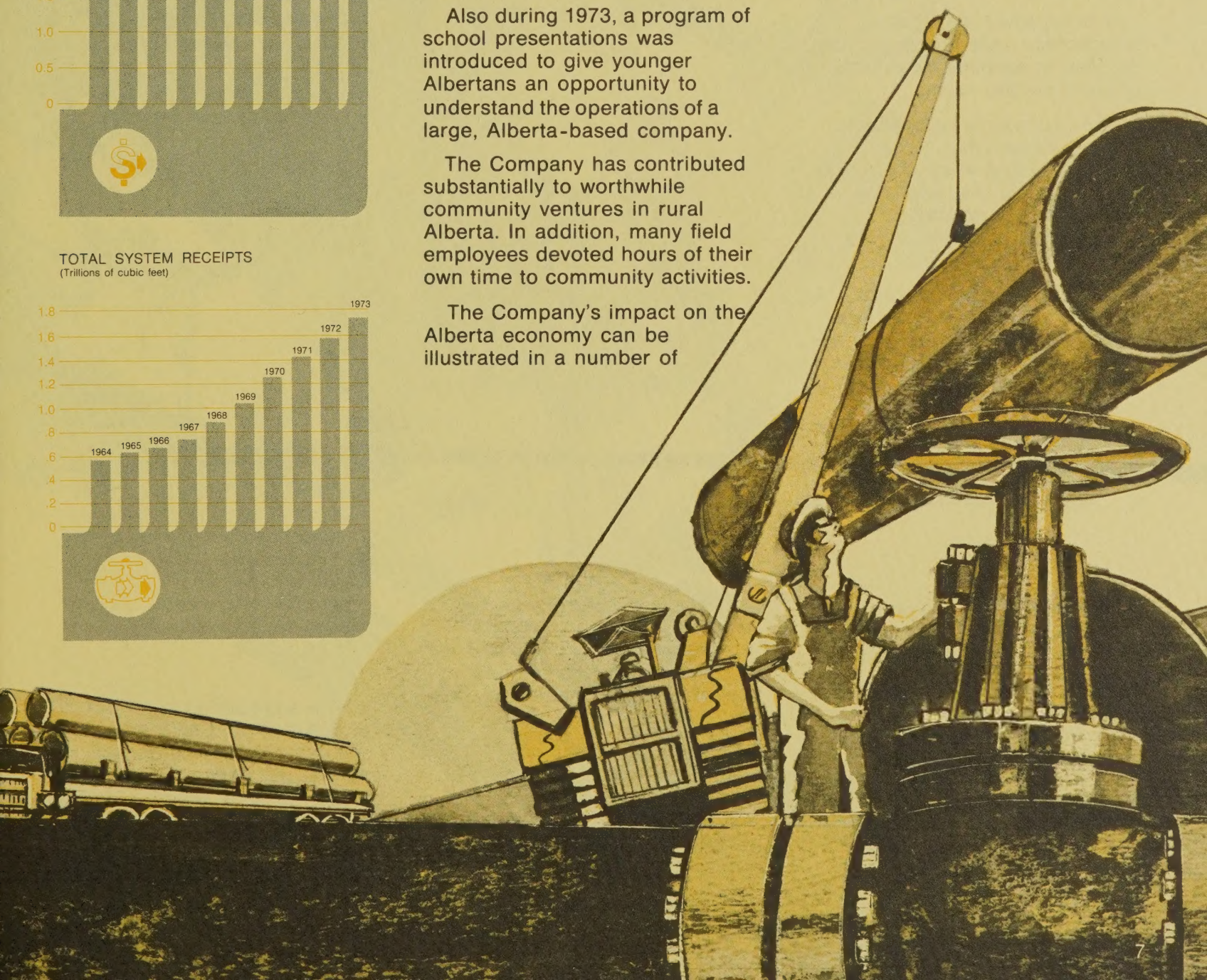
Also during 1973, a program of school presentations was introduced to give younger Albertans an opportunity to understand the operations of a large, Alberta-based company.

The Company has contributed substantially to worthwhile community ventures in rural Alberta. In addition, many field employees devoted hours of their own time to community activities.

The Company's impact on the Alberta economy can be illustrated in a number of

meaningful ways. In 1973, the Company paid \$4.2 million in municipal taxes. Of total Company spending on goods and services in 1973, 72% or almost \$30 million was spent in Alberta.

The Company began a comprehensive program of supervisory training for employees during 1973 and along with other formal courses for employees wishing to broaden their horizons it will be stepped up in 1974. A sound illustration of this emphasis is the fact that more than 600 employees took part in training courses in 1973.





## Engineering and Construction

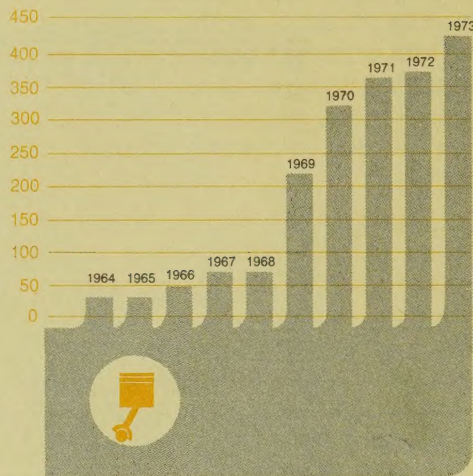
The most significant feature of the Company's 1973 system expansion program was installation of a 35,500-horsepower turbine compressor unit at the Princess station. The unit is the largest ever to have been installed in the world for natural gas transmission service. It has ultimate capacity of 4.5 billion cubic feet per day. This is 1.1 billion cubic feet greater than the average daily consumption of natural gas in all of Canada.

It is expected that turbine compressor units of this size will be used in mainline transmission of gas from the Arctic.

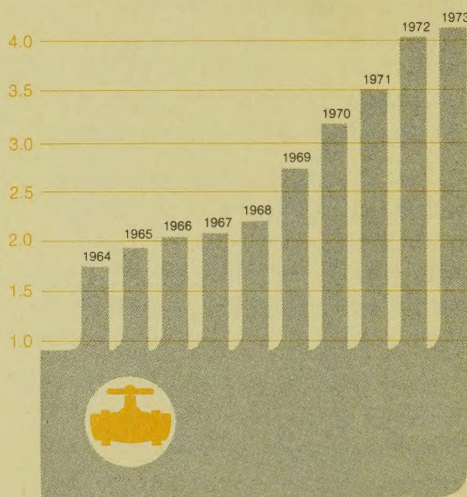
The Company's engineering group provided the civil, mechanical and electrical design for the project, and was also responsible for construction inspection and start-up of the unit.

The gas turbine was manufactured in Montreal by United Aircraft Company of Canada. The gas generator and power turbine are Pratt-Whitney units.

HORSEPOWER IN SERVICE  
Thousands of Horsepower (I.S.O.)



MILES OF PIPE LINE IN SYSTEM  
(In Thousands of Miles)



This was a \$3.9 million project and brought to nine the number of compressor units at the Princess station.

Total system expansion during 1973 cost \$27 million. Pipeline and measurement facilities accounted for \$17 million of the total with compression additions taking up the balance.

Pipeline construction totalled 83 miles in diameters ranging from 6 inches to 42 inches.

Compression facility construction included a 15,400-horsepower unit at McLeod River and a 4,000-horsepower unit at Red Willow as well as the addition at Princess.

A small computer was installed at the Empress meter station to achieve automatic, unattended monitoring of gas analysis from seven streams. The installation yields component data at the site and transmits data to central gas control in Calgary.

The engineering and construction division for the most part will carry out the conversion to natural gas from oil transmission of the 171-mile Mitsue pipeline purchased by the Company late in 1973. The 8-inch and 10-inch line runs from the Utikuma Lake to Redwater and has been in use as a part of the Rainbow crude oil





pipeline system. A portion of the line has been resold for wet gas transmission and another portion will be leased for continued use in oil transmission service.





## New Corporate Directions

The Company is actively pursuing with prospective partners the development of a world-scale petrochemical industry in Alberta based on the ethane component of natural gas.

The project envisions extraction of ethane from the gas stream, conversion into ethylene and ultimate manufacture of a variety of products using ethylene as the feedstock — all in Alberta. Ownership control of the project would be Canadian, with management and headquarters in Alberta.

The major centre of the production of ethylene and its derivatives in North America has been in the southern United States. Now Alberta finds itself with a unique opportunity to develop an integrated petrochemical industry.

Initial elements of the complex would include facilities to extract in the order of 1.3 billion pounds of ethane a year and convert it to 1 billion pounds of ethylene annually.

### ALBERTA GAS CHEMICALS LTD.

In February 1973, Alberta Gas Trunk joined Allarco Developments Ltd. of Edmonton in the establishment of a \$19 million methanol plant in Medicine Hat to be operated by a jointly-owned corporation, Alberta Gas Chemicals Ltd. It is the first world-scale methanol plant in Canada.

The plant, which is to have a capacity of 600 tons per day, is under construction and scheduled to go into production in August 1974. A major U.S. forest products group has contracted to purchase one-third of the output capacity per year for up to 10 years.

Methanol is used in natural gas pipelines as a dehydrating agent and in the manufacture of other important chemical products.





At year-end, markets and other favorable economic factors indicated that development of a second plant at Medicine Hat may be feasible during 1974.

Alberta Gas Chemicals also has under active study the feasibility of ammonia and urea manufacture.

#### GAS ARCTIC-NORTHWEST PROJECT STUDY GROUP

During 1973, the company, with the other 26 members of the study group, continued to support assessment of the development of a large-diameter pipeline system to transport natural gas from the Arctic to markets in the south.

#### OTHER VENTURES

- Algas Resources Ltd. was incorporated as a wholly-owned subsidiary to engage in a large program of acquiring natural gas reserves in place.

Early in 1974, Algas Resources acquired working interests varying from 75% to 100% in the petroleum and natural gas rights underlying 58 sections of land in the Princess area of southeastern Alberta. The reserves will be developed for future sales opportunities.

- The Company also incorporated Algas Engineering Services Ltd. as a wholly-owned subsidiary offering engineering, design and other consulting services to the pipeline and natural gas industry.
- The Company owns about 45% of International Portable Pipe Mills Ltd. which is operating a pipe mill near Cochrane, Alberta.





## Financial

(Figures in parentheses are for 1972)

Operating revenues for the year were \$78,715,000 (\$64,666,000) and the operating profit or annual return of \$37,455,000 (\$33,775,000) was earned on an average rate base of \$416,167,000 (\$386,000,000).

Net income for the year was \$14,868,000 (\$14,067,000) before providing \$1,524,000 (\$1,611,000) for preferred dividends. Net income applicable to common shares was \$13,344,000 (\$12,456,000) or 79¢ (75¢) per common share on the average number of shares outstanding during the year. Dividends totalling 42¢ (39¾¢) per common share were paid. Included in net income is a gain of \$177,000 (\$394,000) realized on the purchase in the market of long-term debt securities for sinking fund purposes.

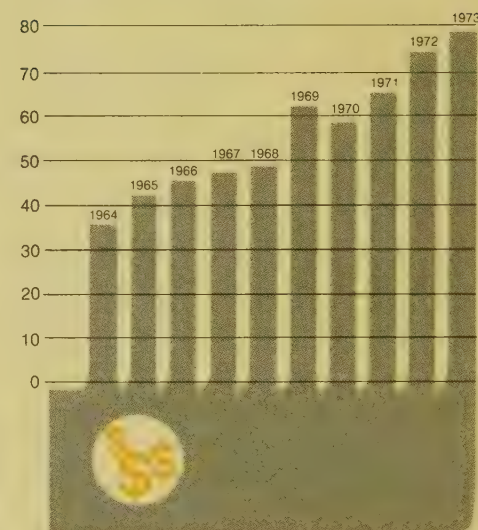
During the year the Company continued to obtain some funds in the money market by issuing short term notes and through lines of credits with its banks, the total of which reached a maximum of \$14.9 million.

Long term financing for the 1973 expansion was obtained by the issue in February 1974 of 1,000,000 7¾% Cumulative Redeemable Preferred Shares of the par value of \$25 each. This financing produced in the order of \$24,000,000 net to the Company.

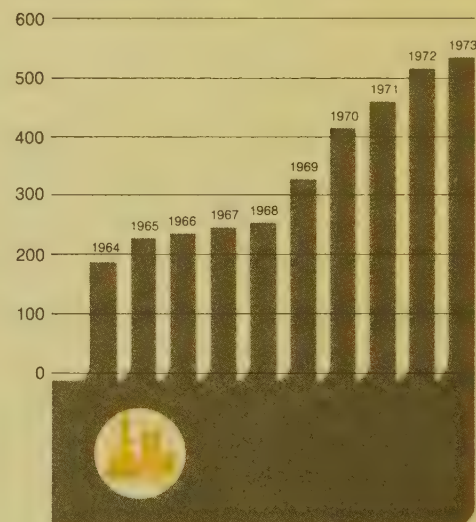
At meetings held in Calgary in October, 1973, holders of first mortgage bonds, secured debentures and preferred shares approved amendments which will give the Company greater flexibility in the establishment and financing of subsidiaries. Previous to the amendments, a subsidiary could not undertake any financing except through the Company. The amendments permit the Company to have subsidiaries which may finance independently.

The transportation contracts with the Company's customers, TransCanada PipeLines Limited, Alberta and Southern Gas Co. Ltd., Westcoast Transmission Company Limited, Westcoast Transmission Company (Alberta) Ltd. and Consolidated Natural Gas Limited, provide that the Company will be paid transportation charges on a cost of service basis which includes the Company's operating expenses, income and other taxes and depreciation of its pipeline and plant facilities, together with an annual return on the rate base, which is composed of the depreciated investment in plant and an allowance for working capital. Small volumes of gas are transported for other customers on a tariff basis. Financing costs, interest on debt and dividends on preferred and common shares are payable from the annual return.

EARNINGS PER COMMON SHARE  
Cents

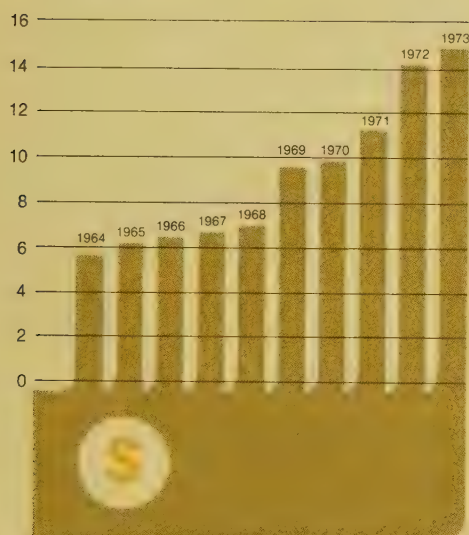


INVESTMENT IN PLANT-COST  
Millions of Dollars





NET INCOME  
Millions of Dollars



The depreciation component which is included in the charges to the Company's customers is calculated on a straight line basis which at the present time results in a composite rate of approximately 2½% per annum. The transportation contracts provide for full depreciation of the Company's plant facilities during the life of the contracts and the depreciation rates are subject to adjustment to attain that result.

The Company has been deferring its income taxes, and prior to 1973 passed on the full savings resulting from these deferrals to its customers. In 1973, the Company commenced charging for a portion of such deferred income taxes, resulting in an increase of \$5,884,000 in its transportation charges.

At the year end 305,467 preferred shares were outstanding and were owned by 7,977 shareholders. Of these, 7,907 or 99% were Canadian residents. At the end of 1972, there were 321,420 preferred shares outstanding.

The decrease in outstanding preferred shares is due to the conversion of 4,679 5¾% Cumulative Redeemable Convertible Preferred Shares Series D, and to the purchase and cancellation of 11,274 4¾% Cumulative Redeemable Preferred Shares Series C, in accordance with the Purchase Fund provisions attaching to these preferred shares.

As a convenience to our shareholders, for income tax purposes, the values assigned to the Company's publicly traded shares on Valuation Day, December 22, 1971 are:

Class "A" common shares . . . . . \$ 12.44  
(After giving effect to the 1972 subdivision on a 4 for 1 basis.)

4¾% Cumulative Redeemable Preferred Shares, Series C . . . . . \$ 76.00

5¾% Cumulative Redeemable Convertible Preferred Shares, Series D . . . . . \$138.00

For the assistance of bondholders and debenture holders, the following Valuation Day values are provided for the most widely held of the Company's outstanding debt issues.

5¼% First Mortgage Sinking Fund Bonds, Series A \$ 89.00

5½% First Mortgage Sinking Fund Bonds, Series C \$ 84.00

6½% Secured Sinking Fund Debentures, Series A \$ 94.00

5¾% Secured Sinking Fund Debentures Series B \$ 85.00

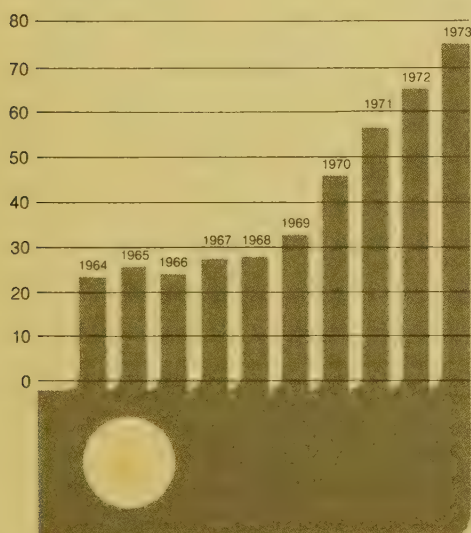
7½% Convertible Sinking Fund Debentures, Series 1 \$129.00

9¾% Sinking Fund Debentures, Series 2 \$109.00

9¼% Sinking Fund Debentures, Series 3 \$106.50

8% Sinking Fund Debentures, Series 4 \$100.00

OPERATING REVENUE  
Millions of Dollars





*The*  
**Alberta Gas Trunk Line**  
*Company Limited*

**Consolidated Balance Sheet**

Assets

|   | December 31      |                  |
|---|------------------|------------------|
|   | 1973             | 1972             |
| <b>Plant, Property and Equipment — At Cost (Note 2):</b>  |                  |                  |
| Gas plant in service (land, buildings, gas transmission system equipment, motor vehicles, etc.) . . . . . | \$530,411,000    | \$491,022,000    |
| Less accumulated depreciation . . . . .   | 88,613,000       | 75,903,000       |
|   | 441,798,000      | 415,119,000      |
| Gas plant under construction . . . . .  | 4,598,000        | 16,881,000       |
|   | 446,396,000      | 432,000,000      |
| <b>Investments in and Advances to Affiliated Companies — At Cost (Note 4) . . . . .</b>                   | <b>3,840,000</b> | <b>1,014,000</b> |
| <b>Current Assets:</b>  |                  |                  |
| Cash and short term deposits . . . . .  | 2,905,000        | 8,199,000        |
| Accounts receivable . . . . .   | 7,160,000        | 6,946,000        |
| Materials and supplies at cost. . . . .   | 3,416,000        | 3,381,000        |
| Prepaid expenses . . . . .  | 548,000          | 182,000          |
|   | 14,029,000       | 18,708,000       |
| <b>Other:</b>   |                  |                  |
| Unamortized debt discount and expense . . . . .   | 5,139,000        | 5,642,000        |
| Gas Arctic — Northwest Project expenditures (Note 5) . . . . .  | 1,902,000        | 1,230,000        |
| Deferred charges (Note 6) . . . . .   | 2,185,000        | 563,000          |
|   | 9,226,000        | 7,435,000        |

On behalf of the Board:



Director.



Director.

|               |               |
|---------------|---------------|
| \$473,491,000 | \$459,157,000 |
|---------------|---------------|

See accompanying notes.



## Liabilities

|   | December 31   |               |
|---|---------------|---------------|
|   | 1973          | 1972          |
| <b>Shareholders' Equity:</b>  |               |               |
| Capital (Notes 7 and 12)  |               |               |
| Authorized  |               |               |
| 2,000,000 Preferred Shares of the par value of \$100 each                                     |               |               |
| 32,000,000 Class "A" common shares of the par value of \$1.25 each                            |               |               |
| 2,003 Class "B" common shares of the par value of \$5 each                                    |               |               |
| Issued  |               |               |
| 209,495 4¼% Cumulative Redeemable Preferred Shares Series C . . . . . (1972 — 220,769 shares) | \$ 20,950,000 | \$ 22,077,000 |
| 95,972 5¾% Convertible Preferred Shares Series D . . . . . (1972 — 100,651 shares)            | 9,597,000     | 10,065,000    |
| 16,834,816 Class "A" common shares . . . . . (1972 — 16,709,277 shares)                       | 21,043,000    | 20,887,000    |
| 1,699 Class "B" common shares . . . . .   | 9,000         | 9,000         |
|   | 51,599,000    | 53,038,000    |
| Contributed surplus . . . . .   | 45,525,000    | 44,199,000    |
| Reinvested earnings . . . . .   | 36,878,000    | 30,599,000    |
|   | 134,002,000   | 127,836,000   |
| <b>Deferred Income Taxes</b> (Note 8) . . . . .   | 5,884,000     |               |
| <b>Long Term Debt</b> (Note 9) . . . . .  | 304,500,000   | 315,329,000   |
| <b>Bank Loans and Short Term Notes</b> (Note 10) . . . . .                                    | 10,613,000    |               |
| <b>Current Liabilities:</b>   |               |               |
| Accounts payable . . . . .  | 2,383,000     | 1,956,000     |
| Dividends payable February 15 . . . . .   | 2,146,000     | 2,152,000     |
| Interest accrued on long term debt . . . . .  | 4,425,000     | 4,504,000     |
| Sinking fund instalments due within one year . . . . .  | 9,538,000     | 7,380,000     |
|   | 18,492,000    | 15,992,000    |
| <b>Contingency</b> (Note 4)   | \$473,491,000 | \$459,157,000 |



*The*  
**Alberta Gas Trunk Line**  
*Company Limited*

## Consolidated Statement of Income

|   | Year Ended December 31, |              |
|---|-------------------------|--------------|
|   | 1973                    | 1972         |
| <b>Operating revenue:</b>                                   |                         |              |
| Transportation of gas (Notes 2 and 3) . . . . .             | \$78,715,000            | \$64,666,000 |
| <b>Operating revenue deductions:</b>                        |                         |              |
| Operating and maintenance expenses . . . . .                | 18,733,000              | 15,715,000   |
| Depreciation (Note 2) . . . . .                             | 12,408,000              | 11,227,000   |
| Property taxes . . . . .                                    | 4,235,000               | 3,949,000    |
| Income taxes (Note 8) . . . . .                             | 5,884,000               |              |
|   | 41,260,000              | 30,891,000   |
| <b>Operating profit</b> . . . . .                           | 37,455,000              | 33,775,000   |
| <b>Other income:</b>  |                         |              |
| Interest on short term deposits . . . . .                   | 312,000                 | 297,000      |
| Gain on redemption of long term debt . . . . .              | 177,000                 | 394,000      |
| Allowance for funds used during construction . . . . .      | 1,668,000               | 2,635,000    |
|   | 39,612,000              | 37,101,000   |
| <b>Income deductions:</b>                                   |                         |              |
| Interest on long term debt . . . . .                        | 23,892,000              | 22,036,000   |
| Other interest . . . . .                                    | 349,000                 | 557,000      |
| Amortization of debt discount and expense . . . . .         | 503,000                 | 441,000      |
|   | 24,744,000              | 23,034,000   |
| <b>Net income for the year</b> (Notes 2, 3 and 8) . . . . . | \$14,868,000            | \$14,067,000 |
| <b>Earnings per common share</b> . . . . .                  | \$ .79                  | \$ .75       |
| <b>Fully diluted earnings per common share</b> . . . . .    | \$ .77                  | \$ .74       |

## Consolidated Statement of Reinvested Earnings

|   | Year Ended December 31, |              |
|---|-------------------------|--------------|
|   | 1973                    | 1972         |
| <b>Balance at beginning of year</b> . . . . . | \$30,599,000            | \$24,923,000 |
| Net income for the year . . . . .             | 14,868,000              | 14,067,000   |
|   | 45,467,000              | 38,990,000   |
| Less dividends paid or payable:               |                         |              |
| Preferred shares . . . . .                    | 1,524,000               | 1,611,000    |
| Common shares . . . . .                       | 7,065,000               | 6,780,000    |
|   | 8,589,000               | 8,391,000    |
| <b>Balance at end of year</b> . . . . .       | \$36,878,000            | \$30,599,000 |

See accompanying notes



**The**  
**Alberta Gas Trunk Line**  
**Company Limited**

## Consolidated Statement of Source and Application of Funds

|  | Year Ended December 31, |                     |
|--|-------------------------|---------------------|
|  | 1973                    | 1972                |
| <b>Source of funds:</b>  |                         |                     |
| Funds provided from internal sources                                       |                         |                     |
| Net income for the year . . . . .  | \$14,868,000            | \$14,067,000        |
| Charges against income not requiring an outlay of cash                     |                         |                     |
| Depreciation . . . . .   | 12,408,000              | 11,227,000          |
| Amortization of debt discount and expense . . . . .                        | 503,000                 | 441,000             |
| Deferred income taxes . . . . .  | 5,884,000               |                     |
|  | <u>33,663,000</u>       | <u>25,735,000</u>   |
| New money provided   |                         |                     |
| Common shares . . . . .  | 262,000                 | 291,000             |
| Sinking fund debentures . . . . .  |                         | 35,000,000          |
| Bank loans and short term notes . . . . .                                  | 10,613,000              |                     |
|  | <u>\$44,538,000</u>     | <u>\$61,026,000</u> |
| <b>Application of funds:</b>   |                         |                     |
| Dividends  |                         |                     |
| Preferred shares . . . . .   | \$ 1,524,000            | \$ 1,611,000        |
| Common shares . . . . .  | 7,065,000               | 6,780,000           |
|  | <u>8,589,000</u>        | <u>8,391,000</u>    |
| Additions to plant, property and equipment . . . . .                       | 26,804,000              | 44,604,000          |
| Retirement of long term debt . . . . .                                     | 10,376,000              | 9,352,000           |
| Cost of issuing securities . . . . .                                       | 3,000                   | 1,098,000           |
| Purchase of preferred shares for cancellation . . . . .                    | 825,000                 | 825,000             |
| Gas Arctic - Northwest Project expenditures and<br>sundry assets . . . . . | 672,000                 | (1,334,000)         |
| Investments in and advances to affiliated companies . . . . .              | 2,826,000               | 401,000             |
| Deferred charges . . . . .   | 1,622,000               | 563,000             |
| Working capital decrease . . . . .   | (7,179,000)             | (2,874,000)         |
|  | <u>\$44,538,000</u>     | <u>\$61,026,000</u> |

## Consolidated Statement of Contributed Surplus

|  | Year Ended December 31, |                     |
|--|-------------------------|---------------------|
|  | 1973                    | 1972                |
| <b>Balance at beginning of year . . . . .</b>                          | \$44,199,000            | \$41,110,000        |
| Premium on issue of capital stock (Note 7) . . . . .                   | 1,027,000               | 2,846,000           |
| Gain on purchase of preferred shares for cancellation (Note 7) . . . . | 302,000                 | 278,000             |
| Capital stock issue expenses written off . . . . .                     | (3,000)                 | (35,000)            |
| <b>Balance at end of year . . . . .</b>                                | <u>\$45,525,000</u>     | <u>\$44,199,000</u> |



## Notes to Consolidated Financial Statements

December 31, 1973

### 1. Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Pan-Alberta Gas Ltd., Algas Engineering Services Ltd. and Algas Resources Ltd. from their respective dates of incorporation in July, 1972, February and November, 1973.

### 2. Plant, property and equipment

Gas plant in service consists of facilities for the transportation of gas owned by TransCanada PipeLines Limited, Alberta and Southern Gas Co. Ltd., Westcoast Transmission Company Limited, Westcoast Transmission Company (Alberta) Ltd., Consolidated Natural Gas Limited and others.

The transportation contracts with the above-named owners provide that the Company will be paid transportation charges on a cost of service basis which includes operating expenses, income and other taxes (see Note 8) and depreciation of its facilities together with an annual return on its investment (see Note 3). Depreciation of gas plant in service has been provided in an amount equal to depreciation included in the transportation charges at a composite rate of approximately 2½% per annum on a straight line basis.

The cost of construction of additional facilities during 1974 is estimated at \$21,000,000.

### 3. Rate of return

The Company's rate of return included in its transportation charges was increased from 8¾% to 9%, effective January 1, 1973.

### 4. Investment in and advances to affiliated companies

Details are as follows:

|   | December 31,<br>1973 | December 31,<br>1972 |
|---|----------------------|----------------------|
| Alberta Gas Chemicals Ltd. (50% owned) . . . . .                | \$2,612,000          |                      |
| International Portable Pipe Mills Ltd.<br>(45% owned) . . . . . | 1,228,000            | \$1,014,000          |
|   | <u>\$3,840,000</u>   | <u>\$1,014,000</u>   |

Alberta Gas Chemicals Ltd. is constructing and will own and operate a methanol plant at Medicine Hat, Alberta, estimated to cost \$19,000,000 when completed. Alberta Gas Chemicals has arranged interim and term financing with a Canadian chartered bank for up to \$14,700,000 to be jointly and severally guaranteed by the Company and the other 50% shareholder.

International Portable Pipe Mills Ltd. has constructed and is operating a portable pipe mill for the production of 18" to 48" line pipe. The company has not yet attained commercial production.

### 5. Gas Arctic — Northwest Project expenditures

The Company is participating in a group studying the feasibility of a gas pipeline from Alaska and the Canadian Arctic. It is estimated that the Company's share of expenditures will amount to approximately \$2,900,000 at December 31, 1974. Return from these expenditures is dependent on the Company's ultimate participation in the transportation of gas.



## 6. Deferred charges

Included are deferred charges (consultants' services, salaries and other administrative costs) of \$1,751,000 at December 31, 1973 (\$221,000 at December 31, 1972) incurred by the Company's wholly-owned subsidiary, Pan-Alberta Gas Ltd. Although Pan-Alberta has contracted for the purchase of large daily quantities of gas and the resale of such gas, these contracts are dependent upon the approval of various regulatory bodies in Canada and the United States. It is estimated that additional costs of \$1,900,000 will be incurred by Pan-Alberta during 1974. If the necessary approvals are obtained, these costs will be amortized over a six-year period commencing in late 1974. If the approvals are not obtained, the costs will be written off.

## 7. Capital

The Company is required to set aside on its books as Purchase Funds \$1,425,000 annually or such lesser amount as would increase the Funds to \$2,850,000 for the purchase for cancellation of its 4¾% Cumulative Redeemable Preferred Shares Series C and 5¾% Cumulative Redeemable Convertible Preferred Shares Series D, if and when available, at a price not in excess of the par value and costs of purchase or for the redemption thereof. Preferred Shares Series C of the par value of \$1,127,000 were purchased for cancellation at a cost of \$825,000 during 1973 and the gain of \$302,000 has been credited to contributed surplus. No Preferred Shares Series D were purchased for cancellation during 1973. The preferred shares are redeemable at the option of the Company — the Series C at \$104 per share on or before May 15, 1975 and the Series D at \$106 per share on or before May 15, 1980, and at reducing amounts after those dates.

Class "A" common shares were issued during the year as follows:

|  | Shares         |
|--|----------------|
| On conversion of 5¾% Preferred Shares Series D           | 52,489         |
| On conversion of 7½% Sinking Fund Debentures, Series 1   | 45,300         |
| On exercise of options granted to officers and employees | 27,750         |
|  | <u>125,539</u> |

Of the total consideration received, \$157,000 was credited to share capital and \$1,027,000 to contributed surplus.

Class "A" common shares were reserved at December 31, 1973 as follows:

|   | Shares           |
|---|------------------|
| For conversion of the 5¾% Cumulative Redeemable Convertible Preferred Shares Series D until July 15, 1980 on a conversion basis of 11.20 common shares for each preferred share converted . . . . .   | 1,075,286        |
| For conversion of the 7½% Convertible Sinking Fund Debentures, Series 1 until July 15, 1982, on a conversion basis of 100 common shares for each \$1,000 principal amount of Series 1 Debentures . . . . .  | 3,124,300        |
| Under an Incentive Stock Option Plan . . . . .  | 394,200          |
| Options are outstanding to officers and employees to purchase 212,550 common shares at prices ranging from \$8.875 to \$14.25 per share, exercisable in annual instalments on a cumulative basis from 1974 to 1978. 181,650 common shares remain reserved under the Plan but unallocated. |                  |
| For the exercise of an option outstanding to an officer of the Company to purchase common shares at a price of \$9.75 per share, exercisable to December 31, 1980 . . . . .   | 8,000            |
|   | <u>4,601,786</u> |



## 8. Income taxes

For income tax purposes the Company claims capital cost allowances and other deductions in excess of the related amounts charged against income in the accounts and accordingly no liability for income taxes exists at December 31, 1973.

Commencing January 1, 1973 the Company arranged with certain of its customers to include in its transportation charges to those customers a portion of the income taxes which have been deferred to future years and has adopted a policy of providing for income tax expense in amounts equal to the income taxes included in such charges. Because income taxes associated with the Company's operations are a component of its transportation charges (see Note 2) the payment or deferral of income taxes does not affect net income.

If the tax allocation basis of accounting under which income tax expense is based on reported income had been followed in respect of all customers in the current and prior years, the cumulative amount of the deferred tax credits would have been approximately \$59,000,000 to December 31, 1973 of which \$10,000,000 is applicable to 1973 and \$7,500,000 to 1972.

## 9. Long term debt

Details of the Company's long term debt are as follows:

|                                      | Maturity | 1973                 | 1972                 |
|--------------------------------------|----------|----------------------|----------------------|
| <b>First Mortgage Bonds</b>          |          |                      |                      |
| 5¼% Series A . . . . .               | 1981     | \$ 15,404,000        | \$ 16,221,000        |
| 5¾% Series B . . . . .               | 1981     | 37,137,000           | 40,598,000           |
| (1973 — \$37,137,000 U.S.)           |          |                      |                      |
| (1972 — \$40,598,000 U.S.)           |          |                      |                      |
| 5½% Series C . . . . .               | 1985     | 13,655,000           | 14,325,000           |
| 8¾% Series D . . . . .               | 1989     | 60,853,000           | 62,678,000           |
| (1973 — \$56,700,000 U.S.)           |          |                      |                      |
| (1972 — \$58,400,000 U.S.)           |          |                      |                      |
| <b>Secured Debentures</b>            |          |                      |                      |
| 6½% Series A . . . . .               | 1981     | 12,054,000           | 12,154,000           |
| 5¾% Series B . . . . .               | 1985     | 21,962,000           | 22,387,000           |
| <b>Unsecured Debentures</b>          |          |                      |                      |
| 7½% Series 1 (Convertible) . . .     | 1990     | 31,243,000           | 31,696,000           |
| 9¾% Series 2 . . . . .               | 1990     | 19,620,000           | 19,820,000           |
| 9¼% Series 3 . . . . .               | 1990     | 17,645,000           | 17,830,000           |
| 8% Series 4 . . . . .                | 1991     | 49,465,000           | 50,000,000           |
| 8½% Series 5 . . . . .               | 1992     | 35,000,000           | 35,000,000           |
|                                      |          | <u>314,038,000</u>   | <u>322,709,000</u>   |
| <b>Less sinking fund instalments</b> |          |                      |                      |
| due within one year shown as         |          |                      |                      |
| current liability . . . . .          |          | 9,538,000            | 7,380,000            |
|                                      |          | <u>\$304,500,000</u> | <u>\$315,329,000</u> |

The 5¾% First Mortgage Bonds, Series B are payable in United States funds. The Company will receive under its transportation contracts with Alberta and Southern Gas Co. Ltd. and Westcoast Transmission Company Limited (see Note 2) sufficient United States dollars to discharge its future principal and interest payments in connection with the Series B bonds. Accordingly, the principal amount of the bonds has been, and future revenue receipts and interest payments in United States dollars will be, translated to Canadian dollars on the basis that one United States dollar is equal to one Canadian dollar.



TransCanada PipeLines Limited and Alberta and Southern Gas Co. Ltd. have agreed that losses or gains experienced by the Company in purchasing United States dollars to meet principal and interest payments of the 8¾% First Mortgage Bonds, Series D, at rates above or below the rates at which the entire issue was converted into Canadian dollars, will be for their account.

Sinking fund requirements in respect of long term debt for the years 1975 to 1978 are: 1975 - \$10,961,000; 1976 - \$11,589,000; 1977 - \$12,352,000; 1978 - \$13,155,000.

#### **10. Bank loans and short term notes**

Because short term borrowings are customarily repaid from the proceeds of long term financing, the Company has adopted the policy of including in current liabilities only those borrowings for which financing arrangements have not been completed. Short term borrowings outstanding at December 31, 1973 will be repaid from the net proceeds from the issue and sale of 1,000,000 7¾% Cumulative Redeemable Preferred Shares of the par value of \$25 each referred to in Note 12 and accordingly have been excluded from current liabilities.

#### **11. Remuneration of directors and senior officers**

The aggregate direct remuneration paid during the year by the Company and its subsidiaries to its directors was \$61,000 (1972 - \$41,000) and to its officers was \$268,000 (1972 - \$238,000).

#### **12. Subsequent events**

On February 1, 1974 the Company authorized a class of 2,000,000 preferred shares of the par value of \$25 each of which 1,000,000 shares have been designated 7¾% Cumulative Redeemable Preferred Shares.

Pursuant to an Underwriting Agreement dated February 1, 1974 the Company has issued and sold 1,000,000 7¾% Cumulative Redeemable Preferred Shares of the par value of \$25 each. The net proceeds of the issue are estimated at \$24,125,000.

### **Auditors' Report**

To the Shareholders of  
The Alberta Gas Trunk Line Company Limited.

We have examined the consolidated balance sheet of The Alberta Gas Trunk Line Company Limited as at December 31, 1973 and the consolidated statements of income, reinvested earnings, contributed surplus and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1973 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Calgary, Canada  
February 22, 1974.

*Clarkson Gordon & Co.*  
Chartered Accountants.



**The**  
**Alberta Gas Trunk Line**  
**Company Limited**

## Ten Year Review

### FINANCIAL

(in thousands of dollars except per share amounts and rate of return percentages).  
The per share figures have been restated from those previously reported to reflect the 1972 subdivision on a 4 for 1 basis.

|  | 1973       | 1972    |
|--|------------|---------|
| Operating revenues . . . . .                                 | \$ 78,715  | 64,666  |
| Operating expenses, depreciation and taxes . . . . .         | \$ 41,260  | 30,891  |
| Operating profit . . . . .                                   | \$ 37,455  | 33,775  |
| Interest expense — net . . . . .                             | \$ 22,587  | 19,708  |
| Net income . . . . .   | \$ 14,868  | 14,067  |
| Dividends on preferred shares . . . . .                      | \$ 1,524   | 1,611   |
| Net income applicable to common shares . . . . .             | \$ 13,344  | 12,456  |
| Net income per common share                                  |            |         |
| On average shares outstanding . . . . .                      | \$ .79     | .75     |
| On fully diluted basis . . . . .                             | \$ .77     | .74     |
| Dividends paid per common share . . . . .                    | \$ .42     | .39¾    |
| Average common shares outstanding                            |            |         |
| during year (thousands) . . . . .                            | \$ 16,793  | 16,530  |
| Working capital (deficiency) at year end . . . . .           | \$ (4,463) | 2,716   |
| Additions to plant, property and equipment . . . . .         | \$ 26,804  | 44,604  |
| Investment in plant, property and equipment (cost) . . . . . | \$ 535,009 | 507,903 |
| Investment in plant, property and equipment (net) . . . . .  | \$ 446,396 | 432,000 |
| Average rate base . . . . .                                  | \$ 416,167 | 386,000 |
| Average rate of return . . . . .                             | 9.00%      | 8.75%   |
| Bank loans and short term notes . . . . .                    | \$ 10,613  | —       |
| Long term debt (less due within one year) . . . . .          | \$ 304,500 | 315,329 |
| Shareholders' equity   |            |         |
| Preferred shares . . . . .                                   | \$ 30,547  | 32,142  |
| Common share equity . . . . .                                | \$ 103,455 | 95,694  |

### STATISTICAL

|  |        |        |
|--|--------|--------|
| Shareholders and employees                 |        |        |
| Number of preferred shareholders . . . . . | 7,977  | 8,289  |
| Number of common shareholders . . . . .    | 22,148 | 21,374 |
| Number of employees . . . . .              | 762    | 781    |

### OPERATING

|  |           |           |
|--|-----------|-----------|
| Miles of pipeline in system . . . . .  | 4,113     | 4,030     |
| Compression horsepower . . . . .       | 420,535   | 365,635   |
| Total system receipts (MMcf) . . . . . | 1,720,637 | 1,595,465 |
| Maximum day receipts (MMcf) . . . . .  | 5,573     | 5,131     |
| Average day receipts (MMcf) . . . . .  | 4,714     | 4,371     |



| 1971    | 1970      | 1969      | 1968    | 1967    | 1966    | 1965    | 1964    |
|---------|-----------|-----------|---------|---------|---------|---------|---------|
| 56,351  | 45,469    | 31,930    | 27,929  | 26,309  | 24,976  | 25,511  | 23,417  |
| 26,444  | 21,499    | 14,926    | 13,087  | 12,037  | 10,823  | 12,354  | 11,440  |
| 29,907  | 23,970    | 17,004    | 14,842  | 14,272  | 14,153  | 13,157  | 11,977  |
| 18,508  | 13,988    | 7,184     | 7,892   | 7,692   | 7,815   | 7,106   | 6,404   |
| 11,399  | 9,982     | 9,820     | 6,950   | 6,580   | 6,338   | 6,051   | 5,573   |
| 1,826   | 2,143     | 2,280     | 1,495   | 1,306   | 1,306   | 1,397   | 1,512   |
| 9,573   | 7,839     | 7,540     | 5,455   | 5,274   | 5,032   | 4,654   | 4,061   |
| .66     | .59       | .62       | .49     | .47     | .45     | .43     | .38     |
| .64     | .57       | .60       |         |         |         |         |         |
| .37½    | .37½      | .37½      | .35¼    | .30¾    | .30     | .28¾    | .25     |
| 14,584  | 13,368    | 12,224    | 11,208  | 11,200  | 11,168  | 10,880  | 10,860  |
| 5,590   | (5,696)   | (5,864)   | (5,078) | (3,570) | (2,637) | 1,897   | (1,807) |
| 60,892  | 82,808    | 68,251    | 23,132  | 11,309  | 7,703   | 23,521  | 25,845  |
| 463,761 | 404,003   | 321,611   | 254,046 | 231,155 | 223,833 | 216,319 | 192,896 |
| 398,622 | 348,384   | 274,615   | 214,154 | 197,030 | 191,443 | 189,351 | 173,207 |
| 355,169 | 294,766   | 212,550   | 197,800 | 190,293 | 188,702 | 175,424 | 159,688 |
| 8.42%   | 8.13%     | 8.00%     | 7.50%   | 7.50%   | 7.50%   | 7.50%   | 7.50%   |
| —       | —         | 40,945    | 6,500   | 7,800   | —       | —       | 22,700  |
| 292,013 | 251,316   | 136,035   | 125,524 | 130,884 | 135,973 | 140,802 | 101,028 |
| 33,888  | 41,607    | 44,548    | 46,475  | 27,500  | 27,500  | 27,500  | 25,000  |
| 86,508  | 54,331    | 49,428    | 33,808  | 30,420  | 28,638  | 26,413  | 25,810  |
| 8,833   | 10,385    | 10,781    | 11,087  | 3,172   | 3,254   | 3,214   | 8,457   |
| 22,277  | 21,838    | 22,543    | 23,452  | 24,833  | 26,007  | 26,782  | 28,251  |
| 701     | 577       | 442       | 322     | 301     | 290     | 278     | 290     |
| 3,493   | 3,246     | 2,778     | 2,198   | 2,094   | 2,003   | 1,945   | 1,765   |
| 355,955 | 315,945   | 209,125   | 60,015  | 60,015  | 43,185  | 26,355  | 26,355  |
| 420,524 | 1,259,337 | 1,047,780 | 873,254 | 740,905 | 678,180 | 636,876 | 578,773 |
| 4,567   | 4,337     | 3,892     | 3,094   | 2,757   | 2,242   | 2,058   | 1,993   |
| 3,892   | 3,450     | 2,870     | 2,392   | 2,029   | 1,858   | 1,744   | 1,585   |



## Directors

**James E. Baugh, P. Eng.**

Vice President  
Exploration-Production  
Petrofina Canada Ltd.

**S. Robert Blair, P. Eng.**

President and Chief Executive Officer  
of the Company.

**Arthur J.E. Child, FCIS**

President and Chief Executive Officer  
Burns Foods Limited.

**William J. Deyell, P. Eng.**

Senior Vice President  
of the Company.

**Peter L. P. Macdonnell, QC**

Partner  
Milner and Steer.

**John C. Mayne**

Chairman of the Board  
of the Company.

**John R. McCaig**

President and Chief Executive Officer  
Trimac Limited.

**David E. Mitchell, P. Eng.**

President and Chief Executive Officer  
Great Plains Development Company  
of Canada, Ltd.

**H. J. Sanders Pearson**

President  
Century Sales and Service Limited.

**L. Merrill Rasmussen, P. Eng.**

President  
Pacific Petroleums Ltd.

**Daryl K. Seaman**

President and Chief Executive Officer  
Bow Valley Industries Ltd.

## Officers

**John C. Mayne**

Chairman of the Board.

**S. Robert Blair, P. Eng.**

President and Chief Executive Officer.

**William J. Deyell, P. Eng.**

Senior Vice President.

**D. Howard Hushion, P. Eng.**

Senior Vice President.

**Robert L. Pierce, QC**

Senior Vice President and Secretary.

**Robin J. Abercrombie**

Vice President.

**James D. Kadlec**

Vice President.

**F. A. Richard McKinnon, CA**

Treasurer.

**Dianne I. Narvik**

Assistant Secretary.

**Barry E. Harper CA**

Assistant Secretary.



**Solicitors**

Howard, Dixon, Mackie, Forsyth.

**Auditors**

Clarkson, Gordon & Co.

**Transfer Agents and Registrars**

PREFERRED SHARES SERIES C AND D

Crown Trust Company

Montreal, Toronto, Winnipeg, Calgary  
and Vancouver

Canada Permanent Trust Company

as agent for Crown Trust Company

in Edmonton and Regina

CLASS "A" COMMON SHARES

National Trust Company, Limited

Montreal, Toronto, Winnipeg, Calgary,  
Edmonton and Vancouver

Canada Permanent Trust Company

as agent for National Trust Company, Limited

in Regina

CLASS "B" COMMON SHARES

National Trust Company, Limited

Calgary

**Stock Exchange Listings**

CLASS "A" COMMON SHARES

Toronto Stock Exchange

Montreal Stock Exchange

Calgary Stock Exchange

PREFERRED SHARES SERIES C AND D

Toronto Stock Exchange

Calgary Stock Exchange



